GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:3603
ANSWERED ON:08.08.2016
Loan to MSME
Patel Shri Subhash;Rai Shri Prem Das

Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the Government has taken note that entrepreneurs are facing problems/hurdles in availing loan facilities under various schemes of the Government for promotion of the Micro, Small and Medium Enterprises (MSMEs) in the country, if so, the details thereof and the reasons therefor along with the reaction of the Government thereto;

(b) whether the Government has fixed any responsibility of officials in this regard, if so, the details thereof along with the other steps taken/being taken by the Government to obviate these hurdles;

(c) the number of MSMEs granted loan and recovery made from them under the central microfinancing programme in the country including Sikkim during the last three years, State/UT- wise; and

(d) the average number of days required to get a loan under the said scheme in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARTHIBHAI CHAUDHARY)

(a) & (b): The Government is conscious of the problems being faced by MSMEs in availing loan facilities under various schemes of the Ministry. The micro, small and medium enterprises (MSMEs) face constraints in accessing credit facilities from institutional sources which include inadequate and timely credit, high cost of credit, collateral requirements, etc. MSMEs do have the disadvantage of being perceived as high risk category by Banks.

The Reserve Bank of India (RBI) has issued detailed guidelines to all scheduled commercial banks on lending to micro, small and medium enterprises (MSME) sector which, inter alia, provide for a time frame for disposal of loan applications, loan limit for dispensing the collateral requirement and sub-targets for micro enterprises within the MSE lending.

(c): Small Industries Development Bank of India (SIDBI) has been providing assistance for micro finance (loans upto ` 50,000) and also the Missing Middle Segment (loans in the range of ` 50,000 – ` 10,00,000) through NBFCs / NBFC-MFIs, etc. For this particular scheme, Office of Development Commissioner (MSME) under the Ministry of MSME provide funds to the SIDBI, in the form of 'Portfolio Risk Fund (PRF)' which is used for security deposit requirements of the loan amount from the MFIs/NGOs and for meeting the cost of interest loss.

The details as on March 31, 2016 are given in the table below:-
(Figures in crore)
<pre>
Cumulative Sanction Cumulative Disbursement Outstanding No. of beneficiaries
As on March 31, 2016 12254 10769 2996 3.45
</pre>

State wise assistance is as follows:-
<pre>
State Disbursement during FY 2014 Disbursement during FY 2015 Disbursement during FY 2016
Andhra Pradesh 112.22 292.22 398.25
Assam 3.75 19.25 15.50
Bihar 3.00
Chandigarh 0.00
Gujarat 5.00 5.00 18.00
Jharkhand 1.00
Karnataka 238.00 301.00 438.50
Madhya Pradesh 15.00 0.00
Maharashtra 25.00 5.00 8.50
New Delhi 10.00 105.00 2.50
Odisha 7.00 23.00
Rajasthan 7.00
Tamilnadu 15.00 218.50 276.25
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Uttar Pradesh 50.03 71.00 139.00
West Bengal 155.00 205.00 72.50
Total 614.00 1243.97 1403.00
</pre>
The scheme is not in operation in other States/UTs (including Sikkim) than mentioned above. The percentage of recovery made during FY 2014, FY 2015 & FY 2016 for the standard accounts are 93.75%, 97.29% & 99.99% respectively. Overall, negligible NPAs.

(d): No such average time has been calculated. However, generally the time taken for sanction of loan applications of MFIs is in the range of 6-8 weeks from the date of receipt of application with complete information.